

**CITY OF LEWES**  
**AGREED-UPON PROCEDURES ON MUNICIPAL GRANTS**  
**FOR THE YEAR ENDED JUNE 30, 2009**



## SPARANO, VINCELETTE & VILLANO

CERTIFIED PUBLIC ACCOUNTANTS

1814 NEWPORT GAP PIKE  
WILMINGTON, DELAWARE 19808

PHONE (302) 999-7300

FAX (302) 999-7183

JOSEPH C. SPARANO, CPA  
CHARLES J. VINCELETTE, CPA  
RENEE A. VILLANO, CPA  
GLENN F. DAVIS, CPA

### INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

City of Lewes  
P.O. Box 227  
Lewes, Delaware

We have performed the procedures enumerated below, which were agreed to by the City of Lewes, State of Delaware's Office of Auditor of Accounts, Department of Safety and Homeland Security, and the Office of the State Treasurer, solely to assist the specified parties with respect to determining the City's compliance with Delaware's applicable laws, regulations, financial reporting and the effectiveness of the internal control structure related to the municipal grant funds received for the year ended June 30, 2009. The City of Lewes's management is responsible for compliance with those requirements.

This agreed-upon procedures attestation engagement was performed in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States and the attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings were as follows:

1. Complete the State of Delaware Office of Auditor of Accounts municipal grants agreed-upon procedures program to determine the City of Lewes's compliance with applicable laws, regulations and financial reports related to municipal grant funds received for the year ended June 30, 2009 and detail any instances of noncompliance.

The City of Lewes received municipal grant funds under the following programs for the year ended June 30, 2009:

Municipal Street Aid  
Police Pension  
State Aid to Local Law Enforcement  
Emergency Illegal Drug Enforcement

## **FINDING NO. 09-1 - Report Filed Incorrectly**

### **Criteria**

Per Title 18, Delaware Code, Section 709(a), "It shall be the duty of the officer in charge of any state, county or municipal police department or bureau participating in the provisions of Sections 707 and 708 of this title to register with the State Treasurer on or before the 1<sup>st</sup> day of April in each year, and to provide the State Treasurer with the following information: the location, jurisdiction and average number of paid, full-time, sworn police officers employed for the year ending on the previous 31<sup>st</sup> day of December."

### **Condition**

The City of Lewes submitted a registration form that was not accurately prepared or reviewed. The total number of paid, full-time, sworn officers employed by the City was overstated by one officer for one month of the three months tested.

### **Cause**

The City of Lewes included all officers on the payroll including one officer recruit who was in the process of obtaining the required training. The error was caused by administrative oversight.

### **Effect**

The City of Lewes' failure to prepare an accurate registration form resulted in the monthly average of sworn police officers to be overstated by one officer. Because of the overstatement, the City may have received funds in excess of those for which they were eligible.

### **Recommendation**

The City of Lewes should determine the amount of any Police Pension funds received in excess of the amount eligible, due to reporting one extra police officer, and should return the excess funds to the State of Delaware.

### **Auditee Response**

*The City of Lewes unintentionally reported an inaccurate figure for the monthly average of paid, full-time, sworn police officers on the Office of State Treasurer issued Registration for Police Pension Fund Benefits form for year ending December 31, 2008. The incorrect reporting of an extra officer was a mathematical error. All forms filed in the future will be reviewed for accuracy. The City is willing to promptly refund any and all excess money received as beyond the eligible amount as a result of this reporting error.*

2. Address the status of any findings and recommendations disclosed in previous reports.

**FINDING NO. 06-1** During completion of the City of Lewes' program checklist for the police pension grant, it was noted that the City did not file the "Registration for Police Pension Fund Benefits" report to the State Treasurer by the April 1 deadline as required by State regulations [18 Del. C. §709(a)]. Noncompliance with application deadlines could jeopardize the grant award to the City.

**CURRENT YEAR STATUS** The report was filed timely.

**FINDING NO. 06-2** During completion of the City of Lewes' program checklist for the Police Pension grant, it was noted that the City did not submit to the State Board of Pension Trustees by April 1, a listing of retired police officers receiving benefits from the City as of December 31 of the preceding year, excluding those receiving benefits from the State of Delaware County and Municipal Police Pension Plan, as required by the State regulations [18 Del. C. §709(b)]. The State Board of Pension Trustees has not requested this information from the City or provided a format for the City to submit this information to them. Failure to comply could result in the loss of grant funding.

**CURRENT YEAR STATUS** Since the City of Lewes does not participate in the proceeds of the insurance tax as outlined in [18 Del. C. §708(c)(2)], they were not required to file the listing for the current year.

**FINDING NO. 06-3** During completion of the City of Lewes' program checklist for the State Aid to Local Law Enforcement (SALLE) and Emergency Illegal Drug Enforcement (EIDE), it was noted that the City had not maintained the certificates of completion of training and education courses at an approved school for 4 of the 5 police officers tested. All City police officers are required to successfully complete the required police training and education course at an approved school [11 Del. C. §8405(a)]. Failure to comply could result in the loss of grant funding.

**CURRENT YEAR STATUS** All officers tested had certificates.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with specified laws. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the City of Lewes's management and council members, the State of Delaware's Office of Auditor of Accounts, Department of Safety and Homeland Security, and the Office of the State Treasurer and should not be used by those

who have not agreed to the procedures and have not taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

*Spavano, Vincelotto, Villano*

Wilmington, Delaware  
December 15, 2009